

APPENDIX "A"

DECISION OF THE BRITISH SUPREME COURT OF SHANGHAI

(as reported by *The North-China Daily News* of Shanghai,
Thursday, April 23, 1925.)

MANILA CIGAR TRADE MARKS CASE

Sequel to an Enemy Property Sale: Belgian Plaintiff and
American Defendant in H. M. Supreme Court.

DEFENDANTS' TRADE MARK RIGHTS IN CHINA

Judgment in the action brought by Mr. Carl Ingenohl, a Belgian subject, against Messrs. Wing On, of Shanghai, a British Company, to restrain the latter from using certain cigar trade marks, was given in H. M. Supreme Court yesterday by his Honour, Judge Sir Skinner Turner.

At the outbreak of war in 1914, plaintiff was the proprietor of an extensive cigar manufacturing business in Manila and, as it was understood he was a German subject, the property passed into the possession of the American Custodian of Enemy Property and was in due course sold to Messrs. Olsen & Co., an American corporation. Plaintiff subsequently established the fact that he was a Belgian subject, and accordingly the sale price of the business was refunded to him. His present claim to exclusive use of the original trade marks is based on the contention that, with the sale of the property to Messrs. Olsen, only the rights to the usage of the trade marks in the Philippine Islands passed to them, and that no extra-territorial rights to their use were conferred. The action was brought against Messrs. Wing On as

being the sole, or principal, distributors of the cigars in China for Messrs. Olsen, the trade being a very extensive one, many millions of the cigars in question being annually imported.

Mr. Duncan McNeill appeared for plaintiff and Mr. R. N. Macleod for defendants.

AN UNUSUAL ACTION

His Lordship said:—This is an important and, in many respects, novel action. It arises out of the war measure taken by the U. S. A. in the Philippine Islands, and considerable consequences are involved. In one aspect or another of the dispute, the parties have been before the Supreme Court in Hongkong and the Courts (including the Appeal Court) in Manila, and differences of judicial opinion have been shown. The case in Hongkong is reported in 17, Hongkong L. R. 4, (1922), and that judgment is now final: in Manila the Court of Appeal decision has been made (Exhibit "S") in this case, and I am told it is under a further appeal. Of course neither of these decisions is binding upon this Court, but both are to be treated with that respect and courtesy which is always shown to the judgments of a foreign Court of competent jurisdiction.

In the case before me the position is peculiar: this Court sitting under a Treaty with China exercises jurisdiction at the suit of nationals of all countries over British subjects; and we find here a British Company (Wing On Co., Ltd.) as the (nominal) defendants. But the real party to the action is Messrs. Walter Olsen & Co., Inc., an American Company: therefore the plaintiff being a Belgian citizen, this Court is in effect being asked to decide a dispute between a Belgian and an American—neither subject, save by consent and submission, to the jurisdiction of this Court. And inasmuch as no attempt

was made to get Messrs. Olsen on the record, that company has not in any way submitted to the jurisdiction of this Court: but it is the real defendant and has, I understand, indemnified the British Company defendants in the matter of costs.

The action is one of passing-off and involves a question of trade marks. It seems to me, therefore, that it clearly comes within the provisions of Article 4 of the China Order in Council, 1907, as being an action for the protection of a trade mark. It therefore becomes essential for the Court to be satisfied in one way or another that effectual provision exists for the protection of the trademarks of British subjects in the Belgian Consular Courts in China. This, as regards copyright, was clearly laid down by Bourne, J., in the case of *de Jesus v. "N. C. D. News,"* (96 N. C. Herald, 1910, p. 109), and it lies upon the plaintiff to show this; unless there has been a notification (*i. e.* a public notification) issued by His Majesty's Minister to the effect that an arrangement for this protection has been made between His Majesty's Government and the Government of the State to which the plaintiff belongs: of such a notification this Court takes judicial notice. As Bourne, J., laid down in the copyright case, this Court may be satisfied by the production of a certificate under the hand and seal of the Judge of the Consular Court concerned in China: and I have accepted one in this case from the Judge of the Belgian Court in the following terms (Exhibit "J") dated February 25, 1925:—

"I, Joseph d'Hondt, Acting Consul-General for Belgium and Judge of the Belgian Consular Court at Shanghai, hereby certify that effectual provision exists for the protection in this Court and other Belgian Consular Courts in China of the rights and

interests of British subjects in trade marks infringed by Belgian subjects or protégés."

NO FRAUD, BUT A QUESTION OF RIGHTS

Now this case is brought as a passing-off action relating to cigars: upon the right of every trader to protect his property and to prevent attempts by other traders to avail themselves of his reputation to pass off their goods as his (see *Imperial Tobacco Co. v. Bonnon*, 1924, A. C. on page 759). No fraud is alleged or suggested in the use of the trade-marks concerned: each side claiming the right to use them. No question need be considered by me as to the right of the present plaintiff to bring this case: it is conceded in this Court that, whatever may be the position of Ingenohl towards other persons associated with him in his business in Antwerp, he is the right person to sue here and much, therefore, of the expert evidence on Belgian law that was given need not be considered by me, as it had to be considered by the learned Chief Justice of Hongkong. That this matter is important to the parties concerned is shown by the facts that the output of the cigar factory in Manila concerned in these proceedings used to be from 30 to 40 million cigars a year: that the present owners of that factory had in 1919 a contract for the supply to one distributing agency in China of 24 million cigars in one year, and that the dispute over these trademarks has been one of the contributing causes to the failure (and a heavy failure) of Messrs. Olsen & Co., the present owners of the factory. Now the facts are as follows, and I shall try not to omit any relevant matter.

THE HISTORY OF THE CASE

The plaintiff, Ingenohl, a German by birth, became a naturalized Belgian in 1886: he took up the business of cigar making in Manila in about 1882, his own head-

quarters being in Antwerp. The business first belonged to a Société Anonyme (Limited Company), and the factory was in Manila. It commenced there about 1882, and the three trademarks really concerned ("Perla," "Cometa," and "Mundo") were originally registered in the name of the Company both in Manila and in Hongkong and probably elsewhere. There is no registration to cover this case in China. In 1905 the plaintiff became the proprietor of the business, purchasing it from the liquidator of the Société Anonyme: in 1909 he started a factory in Hongkong and in 1910 the three above-named marks, registered there in 1903 in the name of the Société Anonyme, were assigned in the Hongkong Register to "El Oriente, Fábrica de Tabacos, C. Ingenohl, Manila." These marks were registered in Class 45, "Tobacco manufactured or unmanufactured." Before 1909 the products of the Manila factory under these marks were well known in China, where there was a very large market for them. After a time the marks were used by the plaintiff for the products of his new Hongkong factory as well as for those of the original Manila factory. Such was the position up to the outbreak of war in 1914. It is perhaps not surprising that Ingenohl and his business came into suspicion amongst the allies then: and we find that he was placed upon the British Black List and a supervisor was appointed to the factory in Hongkong. On the entry of the U. S. A. into the war, the factory in Manila was taken over by the Custodian of Enemy Property; and under the legislation there in force was advertised for sale in December, 1918, and was actually sold by auction to Messrs. Olsen & Co., Inc., in January, 1919.

Under the American legislation the utmost the original owner could get back from the U. S. Government was the price paid by the purchasers of the business sold: under no circumstances could he recover the business.

At the conclusion of the war, Ingenohl, it is most interesting to note, demanded and obtained an inquiry into his conduct and affairs at the hands of his own (the Belgian Government): as a result of this inquiry, he was cleared of enemy character, and this finding was accepted by the Powers concerned: he was paid the purchase price of the Manila factory (he could not, under the law, get back the factory) and received back any other property that had been detained by the Governments of Great Britain, Belgium, and U. S. A.

THE PURCHASE OF TRADE MARKS

The plaintiff now claims that he is the owner of these trademarks in China: that nothing that was done by the Custodian of Enemy Property in Manila had any extra-territorial effect and that just as he would have had protection in this Court for his marks prior to 1914, so he can have it now even against the purchaser of the business in Manila. The defendants, on the other hand, claim that, as purchasers of the business as a going concern with its goodwill and trademarks, they are entitled to use the marks in China, merely distinguishing themselves (as they have done, and as I believe is required by American Statute law) as the successors in business to the Ingenohl firm. It is not suggested that there is any "secret in the manufacture of the cigars sold under these marks". In so far as there is any peculiar process, it is equally known today to the Manila and to the Hongkong factory.

It is not denied that the plaintiff is the right person to sue here: it is not denied that the remedy sought in this action (once the requirements of the 1907 Order in Council are met) is the appropriate remedy. It is clear that the plaintiff, when he established his Hongkong factory and used these marks on its products, was attract-

ing or endeavoring to attract to them some of the reputation that had been gained by the products of his Manila factory: and there is no doubt that the marks as originally used by him in Hongkong (see Exhibits "AA" and "BB"), were misleading, in that they undoubtedly suggested Manila as the place of origin of the cigars sold. And it is worth comment that the assignment in Hongkong of the marks in 1910 was not made in any way to the Hongkong factory; there was nothing in the transfer noted (Exhibit "E") to show that these marks were to be used for the products of the Hongkong factory; it was simply an assignment from the Société Anonyme to the Ingenohl firm (to use a general term) of Manila: and could no doubt have been made without any factory in Hongkong. It is to be remembered that there is nothing in the case before me in the nature of a counter-claim; nor indeed could I expect to find one. I shall as far as possible try to avoid in this judgment anything which might seem to touch upon the rights of other extra-territorial Courts in this country of China.

Now the first thing that appears is that on the pleadings the duty is cast upon the plaintiff to prove his case: to show that by the use of these marks or by the general get up of these cigars the defendants are endeavoring to pass off their goods as being the goods of the plaintiff. Then there is no doubt, and in this matter, I think, the Court must be entitled to speak without any evidence from the parties deceived, that a purchaser might from the labels used on the boxes mistake the cigars from the Manila factory for those of the Hongkong factory or *vice versa*; a position which from sections 21 and 22 of the English Trade Marks Acts of 1905 and 1919 seem to be contemplated as possible in law. (I should mention here that the Trade Marks Act of 1919 makes an addition to Section 22 of the Act of 1905).

THE CONTRACT OF SALE

I have to turn to the contract of sale (Exhibit "L") between the Custodian and Messrs. Olsen, of January, 1919. This was between two American citizens made in the Philippine Islands, to be performed in the Philippine Islands. There can be no doubt that the interpretation of that contract is governed by American law; it is the "proper" law of the contract. I have no experts called on that matter, but I have a certified copy of a judgment (Exhibit "S") of an American Court dealing with this very contract, to which I am clearly entitled to look.

It is necessary to remember that the business of the Manila factory was almost entirely an export business. Some small part of the output (from 5 to 10 per cent) was for local trade; the rest (90 per cent to 95 per cent) was sold to agents for export to China, Hongkong, Australia, and elsewhere. Then the Manila factory had been at work since 1882, manufacturing and selling cigars under these three trade marks and acquiring a reputation for them: firstly the ownership being in a Société Anonyme, of which Ingenohl was sole Directing Administrator, and after 1905 in Ingenohl with a trade name of "El Oriente, Fábrica de Tabacos, C. Ingenohl, Manila." Thus the reputation of this manufacture was from 1882 to 1905 (23 years) in the Company and from 1905 to 1914 (9 years) in Ingenohl. There can I think be no doubt that any right of protection in British Courts in China for these marks between 1882 and 1905 was at the suit of the Company: from 1905 to 1914 at the suit of Ingenohl: in other words that the transfer of the business by the liquidator in 1905 to Ingenohl was intended to give him and did give him the business and its trade marks. I quote from the translation affixed to Exhibit "K." "The Limited Company has transferred and transfers to Carl Ingenohl, merchant at Antwerp

* * * trading under the style of El Oriente, Fábrica de Tabacos, C. Ingenohl, the whole of its industrial and commercial affairs both in Belgium and elsewhere, and more especially the manufacturing of cigars at Manila; at the same time the said Company transfers to him its trademarks and all its rights resulting from its applications to the effort of registering (*i. e.* for registration) and the registering of its marks, labels, ribbons and rings made in Belgium and in any other country."

This transfer clearly contemplated some extra-territorial effect, and it was so held in Hongkong, for the marks registered there in 1903 by the Limited Company were assigned to the "Ingenohl Firm of Manila" in 1910: and this was done to enable the Ingenohl firm of Manila to prosecute for offences in Hongkong connected with the products of the Manila factory. It is in evidence that at first the Hongkong factory sold their products under the name of "Grand Asia": it was not till after the lapse of a year at least that they were sold under the marks concerned in this case; in addition, marks other than the three concerned in this case were registered in Hongkong in the name of the "*Orient Tobacco Manufactory, C. Ingenohl, Mongkok in the Colony of Hongkong*" by which name the plaintiff traded in Hongkong (see Hongkong judgment, page 13). In other words, in 1910 these three marks were registered in Hongkong in connection with the business in Manila, and not in connection with the business in Hongkong: even though the two businesses were the same ownership, and that fact was known to the Registrar of Trade Marks in Hongkong: while the plaintiff has all along insisted that the business in Hongkong was quite independent of the business in Manila.

SALE RIGHTS NOT CONFINED TO PHILIPPINES

I come now to the sale by the Custodian of Enemy Property in Manila in January, 1919. I have already said this contract has to be construed by American law. Now what was sold? It was "the property, real and personal, rights, etc. * * * wherever situate in the Philippine Islands and all incidents and appurtenances thereto including the business as a going concern and the goodwill, trade name and trade marks thereof of Syndicat Oriente, a Company * * * heretofore doing business in the Philippine Islands under the name of "El Oriente, Fábrica de Tabacos, C. Ingenohl," and any "interest in the foregoing which may belong to Carlos Francisco Adolfo Otto Ingenohl" (the present plaintiff). It is suggested that all that was sold or purported to be sold there was the business in the Philippine Islands: and that such sale could not affect outside the Philippine Islands including, I suppose, the U. S. A. I do not agree with this contention: when I know that in China the products of this factory under these three marks had obtained a great reputation, and that 90 per cent of the output of this factory was exported from the Philippine Islands, it seems to me an unreasonable contention to say that the contract itself was not intended to have any effect outside the Philippine Islands. In my judgment, the Custodian sold to Messrs. Olsen the business (which must include the export business) as a going concern, with the rights to the trademarks of that business in the Philippine Islands and in other places in so far as the laws of such places will uphold these rights. I see nothing in the contract, when knowing the nature of the business, to lead me to the conclusion that nothing was sold save the right to use the trademarks in the Philippine Islands only: (assuming it had to be interpreted by English law). And the Court of Appeal in the Phil-

ippine Islands takes this view of the contract of sale interpreting it in the light of American Laws:

I quote from that judgment:—"The conveyance in question must be construed as intended to convey to Messrs. Olsen & Co. all property which either Ingenohl or his Company had within the jurisdiction of the United States. * * * We hold that the trademarks and trade names in question were a part of the Company's business in the Philippine Islands and that Messrs. Olsen & Co. acquired title to the use and enjoyment of them by its deed of conveyance not only in the Philippine Islands but in all foreign countries in the same manner and to the same extent that they were used by the Company and Ingenohl, prior to the time that their property was seized by the United States. That the right and title to all such trademarks and to their use passed by the conveyance made to Messrs. Olsen & Co."

Such is the construction put upon this contract by the majority of the Supreme Court in the Philippine Islands sitting in Appeal: such was the construction put upon the contract of sale in Mumm's case by the Comptroller General; and such must have been the meaning of a similar contract of sale of the Manila factory if made by Ingenohl as a voluntary act; and it seems to me that it is the construction that I should put upon it, were I to apply English Law to the document, subject only to this qualification: the right to use and enjoyment of the marks in foreign countries must be subject to the laws and Court of these countries; and so we find that the Supreme Court of Hongkong has not allowed this right to Messrs. Olsen & Co., in the Colony of Hongkong, for the reasons set out in full in its judgment reported in 17, Hongkong L. R., page 4. I see nothing in the contract itself to lead me to the conclusion that it was intend-

ed only to have reference to the use of these marks in the Philippine Islands.

THE CASE OF THE CARTHUSIAN MONKS

But it is said that to give effect to this construction in a British Court in China would be to give effect to the Penal Legislation of the U. S. A. and that British Courts will never do this. I am referred to Dicey: (Conflict of Laws, 2nd Ed., Rule 40 on page 207), and to the case of *Rey v. Lecouturier* (1908, 2 Ch. 722 and 1910 2 A. C. 262). I do not doubt the proprieties as stated by Dicey; but the answer to this is that the measures taken by the U. S. A. as a result of which this sale was made in January, 1919, do not come within that doctrine at all. If they did, so would decisions of Prize Courts, and that has never been suggested. The case *Huntington v. Attrill* (1893 A. C. 150) lays down the class of cases to which that doctrine applies; and that decision expressly accepts the law as laid down in the U. S. A. The Privy Council accepted the following exposition of the law as providing the test for ascertaining whether an action is penal within the meaning of the rule:—"The rule that the Courts of no country execute the law of another applies not only to prosecutions and sentences for crimes and misdemeanors, but to all suits in favor of the State for the recovery of pecuniary penalties for any violation of statutes for the protection of its revenues or other municipal laws, and to all judgments for such penalties." Such a test excludes the case before me. Then as to the case of *Rey v. Le Couturier*; the "Chartreuse" case; which the learned Chief Justice of Hongkong held conclusive as to this matter in Hongkong. In the first place it is noted that it was on all sides held that the French Law of Associations depriving the Carthusian Monks of their property in France was a penal law; and was not even in France considered to have had any

extraterritorial effect: see report in 1910, 2 A. C. on pages 265, 268 and 271. But to my mind the more I read that case both in the Court of Appeal and in the House of Lords, the more I am impressed with the fact that it really turned upon the possession by the monks of a secret process of manufacture which had not been, and in fact could not have been seized or confiscated under the Law of Associations. That secret the monks retained: without it the purchaser of the business from the liquidator could not carry it on; could not in fact deliver the liqueurs made by the monks and sold by them under their marks. The liquidator never had "the business" to sell; the purchasers could not therefore acquire it. And the American Courts held the same, while the strength of this view of the matter was noted by the Judge who tried the case of *Baglin v. Cusenier Co.*; 156 Fed. and 1016:—Some strength might be found in defendant's argument had the receiver (liquidator) become possessed of the business that produced the product indicated by the trademark. This he did not do. When the monks fled from the rigor of the French Law they took their business with them." See also 27 Halsbury on page 761; note (d) to paragraph 1342. Recently too in England (in a case the report of which I regret I have not before me, but which is given in a full note in *Mews' Digest*, 1922, Col. 338 and *L. R. Digest*, 1922, Col. 538; see also 27 Halsbury Supplement for 1924 on page 1784), it has been held by the Comptroller General of Trade Marks that (1) the consequences of the war legislation of an ally (France) can be enforced in England and cannot, therefore, come within the doctrine of Enforcement of the penal legislation of a foreign country by an English Court; and (2) there being no secret as alleged by the Mumm firm in the process of manufacture of their champagne at Rheims in France, the sale by the sequestrator

of that business under French War legislation carried with it the right to the registration in England of the trademarks formerly registered by the Mumm firm: even though that firm had started business in Switzerland. And Mumm & Co. were refused registration with the new address in Switzerland. In *re* Mumm & Co.'s Application 39, R. P. C. 279, I find it impossible to believe that neither the doctrine as to penal legislation being unenforceable in an English Court nor the case of *Rey v. Lecouturier* were considered by the Comptroller General. Another finding in that case was that the goodwill of the Rheims business, as far as it related to the export trade, was indissolubly connected with the French business. That case is remarkably like the one before me; and it seems to me that, apart from the existence of the Hongkong factory, the Ingenohl mark in England must have been assigned under that judgment to Messrs. Olsen & Co.

MESSRS. OLSEN'S RIGHTS IN CHINA

I hold that as far as the market in China is concerned, that contract of sale of January, 1919, intended and purported to convey to Messrs. Olsen & Co. the use and enjoyment in China of the trademarks, such as had been used and enjoyed by the Ingenohl firm as proprietors of the Manila factory up to that time: and that there is nothing in English law to prevent effect being given to that in English Courts; that administering English law here, it would therefore be open to me in proper cases to give protection to those marks as against infringement by British subjects. In other words that, apart from the existence of the Ingenohl factory in Hongkong, protection would be given here at the suit of Messrs. Olsen & Co. for infringement of the marks assigned to them in the sale of January, 1919.

But, says the plaintiff, Ingenohl, "I have a cigar business in Hongkong founded before the war; independent of the Manila business: I have used and am using these marks in connection with my Hongkong factory products; I have made a reputation for them, and I am entitled to protection for their reputation which is being harmed by the user of these marks on the products of a Manila factory." Had the Hongkong factory been started when the Manila factory was seized by the U. S. A. authorities, I doubt not that the Mumm case would have left no claim at all. Does the fact that it was started in 1909 or 1910 make any difference?

I have therefore to turn to the claim here and see what it really is. This is a passing off action: the claim of a trader whose goods (cigars) are being imitated so closely by a rival trader as to lead the public to think that it is purchasing his goods, to have imitation stopped. It is a claim by Ingenohl as the proprietor of the Hongkong factory to prevent the sale in China of cigars under marks leading the public to believe them to be the product of that Hongkong factory. It is not a question of any sympathy for one side or the other: it is a matter of legal right to use the marks; the plaintiff for his Hongkong made cigars and the defendant for his Manila made cigars. I am not aware that any such case has occurred before. It is necessary therefore to consider closely the facts.

MANILA REPUTATION FOR HONGKONG CIGARS

There can be no doubt, from a mere glance at the marks as used, that confusion may arise in the mind of a purchaser; one has only to look at Exhibits "AA" and "DD" to see that a man who wants to buy a Hongkong made Perla might get a Manila made Perla, and vice versa. This follows when it is remembered that the marks used by the parties are in fact the same marks:

one is not an imitation of the other. Again it is agreed that the Manila factory is today producing the same article as it produced under the proprietorship of Ingenohl: the articles which earned from 1882 to 1919 the great reputation of these cigars in China, which the plaintiff has endeavored and is endeavoring to transfer to his Hongkong factory and its products. And what is that reputation? It is suggested that it is a reputation of the Ingenohl firm as makers of cigars anywhere; but I do not agree. It seems to me that it is a reputation for the products of a factory in Manila owned by the Ingenohl firm; a reputation for a cigar made in Manila of Manila tobacco at the factory of "El Oriente, Fábrica de Tabacos, C. Ingenohl, Manila." And it was this reputation that led to the making of the contract of 1919 (Exhibit "T") for 24,000,000 of these cigars to be supplied in one year for sale in China. It is this reputation that Ingenohl, the plaintiff, seeks to keep for his Hongkong made cigars. I must confess that when one considers the dates in this matter one might have expected the case to be framed the other way: to have had a claim by the Manila factory for protection for a reputation for its products gained since 1882 and not a claim by the Hongkong factory for one gained only since 1910 or 1911.

In order to test the plaintiff's right to relief, I have to consider what happened. For reasons of his own Ingenohl started the Hongkong factory in 1909 or 1910: he used Manila tobacco treated as it was treated in his Manila factory and purchased from there: he manufactured his cigars in the same manner as in Manila. They were marketed at first, for a year or so, as "Grand Asia": but presently he began to use the same marks as he was using for his Manila made cigars: at first without even removing the address of the factory from them: merely putting "Hongkong" in place of "Manila" in two places:

ultimately replacing the address of the factory in Manila by the address of the factory in Hongkong. He also quoted the price of his Hongkong made cigars in pesos, the currency of the Philippine Islands. He called his Hongkong factory "The Orient Tobacco Manufactory, C. Ingenohl, Hongkong": the Manila factory remaining as "El Oriente, Fábrica de Tabacos, C. Ingenohl, Manila" and he is insistent that the two concerns are independent of each other, though in the same ownership. It is noteworthy that the three marks in this case: registered originally in Hongkong in the name of Ingenohl's predecessor, the Société Anonyme: were assigned in 1910 to "El Oriente, Fábrica de Tabacos, C. Ingenohl, Manila" in order to protect the products of the Manila factory from imitation in Hongkong: and that while this assignment was going on, other marks were being registered in Hongkong as belonging to "The Orient Tobacco Manufactory, C. Ingenohl, Hongkong." After about one year Ingenohl endeavored to get for his Hongkong made cigars some of the reputation which had been well earned by his Manila made cigars and began to use the same label on the boxes: and it is here that the value of the evidence as to the Hongkong made article is seen. I have considerable doubt in my mind after the evidence of Mr. Wunderlich and the fact that one customer at all events complained about the absence of the word "Manila" from the label, whether it is possible to make the same quality cigars in Hongkong as in Manila, just as it seems one cannot make the same quality cigar in Tampa or Key West as in Havana: and if this is so, the Hongkong made "Perla" is not the same quality as the Manila made "Perla"; it is not for me to say if it is as good or better. But the plaintiff not only used the Manila labels in 1911, or thereabout, for his Hongkong products: in 1919, on failure to sell his stock of labels

printed for Manila, he sent these to Hongkong and had them used for the Hongkong products. And even in 1922, after the sale to Messrs. Olsen, is still quoting prices in pesos: and now his labels (Exhibit "EE") give his address as "El Oriente, Fábrica de Tabacos, Hongkong," which has never been the name of his Hongkong business. There can be no doubt, I think, from the labels themselves that manufacture in Manila forms the main idea underlying the pictorial representations: the scenes depicted, etc., etc.

I am not sure that, under these circumstances and under the authority of the case of *Newman v. Pinto* (4 R. P. C. 516), the plaintiff ought not to be refused the protection he asks in this Court on account of his own conduct: to my mind the labels so often used by him to get a reputation for his Hongkong cigars undoubtedly did represent manufacture in Manila: and save for the address of the Hongkong factory, which does not appear at all in the Register of Trademarks in Hongkong, the labels lead to that idea themselves.

JUDGMENT FOR DEFENDANT

But the action fails, as it seems to me on another ground: I can see no ground in fact for the suggestion that Messrs. Olsen, by legitimately using the labels of the Manila factory, are in any way "imitating" the labels of the Hongkong factory: they are the proper owners of the labels in the Philippine Islands with the business and reputation attached to them. They in no wise represent to the public that they cover a Hongkong made article: they do not represent to the public that the cigars are made by the Ingenohl firm: they describe themselves, the makers, as the "Successors" to that firm (a requirement, as I have stated, of American law). And I can see nothing to take, in China, from the lawful owner of the Manila factory protection for the reputation of the

products of that factory which he has lawfully acquired nor to give protection to the products of the Hongkong factory at the expense of the Manila factory.

I therefore give judgment for defendants.

Mr. Macleod, for defendants, on the question of costs submitted this was a case in which the special scale under the Rules of Court should be made applicable.

His Lordship.—It seems to me that this case, having taken seven days in argument before me, is certainly one which comes within the Rule. I shall therefore allow costs under the special scale, and to be certified for two counsel. I thank the Bar for the assistance they gave me. Their arguments were not in any way presented at too great length, and they were of very great assistance.